



## Californians endorse new power plants, environmental rules

Two-thirds of Californians overwhelmingly favor construction of more power plants--even if it means building in their own backyards. But they remain staunchly opposed to easing environmental protections or boosting reliance on nuclear power, according to a Los Angeles Times Poll.

A majority favors state purchase of the utilities' transmission lines and hydroelectric plants.

But most oppose the use of state bonds to buy electricity that the cash-strapped utilities cannot purchase on their own or the purchase of power on long-term contracts.

There is overwhelming support for improved conservation. Nearly 9 in 10 respondents said they have taken steps to reduce their own energy consumption.

57% say they do not believe there is an actual shortage of electricity. That level of skepticism has remained unchanged since early January.

By 49% to 37%, Californians approve of Davis' handling of the energy situation, a dramatic shift from January, when 39% disapproved of his actions and only 29% approved. Since then, the governor has assumed a higher profile in dealing with the problem.

President Bush fares much worse. By 44% to 33%, a plurality of those surveyed disapprove of Bush's response.

By 51% to 28%, most Californians have a negative view of the way lawmakers have handled the energy crisis. *(It should be noted that this question was asked four questions after a question that blamed deregulation on lawmakers.)* Sentiment toward the regulators and utilities is even harsher.

By 64% to 29%, those surveyed are adamantly opposed to steps that would ease pollution controls or environmental standards. 64% remain opposed to offshore oil drilling, and 60% say they would oppose more nuclear plants.

55% supports legislation that would allow the utilities to charge higher rates for residential customers who use more than 130% of their minimum monthly power allowances.

Californians overwhelmingly support an emergency order Davis signed that requires businesses to shut off half their lights when they are closed. They also strongly favor legislation that would provide \$75 million in rebates to people who trade old energy-slurping appliances.

### Governor announces recovery plan for state's utilities

Governor Gray Davis unveiled the framework of a recovery plan for the California's investor-owned utilities that includes the purchase of their power lines and targeted revenue from the existing rate structure to help pay their back debt.

"Today we have begun serious negotiations with the utilities on a balanced recovery plan," said Governor Davis. "This is a balanced business transaction. It provides real benefits of real value to consumers and allows the utilities to get back on their feet."

Elements of the plan include:

- State purchase of the transmission grid owned by the state's three investor-owned utilities;
- Benefits to ratepayers and taxpayers including:
  1. A significant contribution by the parent companies to their utility subsidiaries to satisfy their creditors and return to financial viability;
  2. The extension of cost-based rates from the utilities' generating facilities from five to ten years and a ban on their sale;
  3. Conservation easements on utility-owned land in prime watershed areas; and
  4. Dismissal of all pending litigation.

The Governor's plan directs the Public Utilities Commission to establish a "dedicated rate component" from the existing rate structure (not a new charge on consumer bills). This would allow the utilities to make payments to their creditors, including banks, generators, and renewable energy producers. Utilities would be allowed to sell revenue bonds secured by the dedicated rate component.

Negotiations began Monday between the Governor and the utilities on the proposal.

### Power alert downgraded to Stage 2

The state's power grid operators downgraded their power alert Tuesday for the first workday in more than a month, after several power plants came online over the weekend.

The California Independent System Operator, the keeper of the state's grid, declared a Stage 2 alert until midnight, with reserves threatening to fall below 5 percent, said spokesman Patrick Dorinson.

The state had been in a Stage 3 alert for more than a month, with reserves falling or threatening to fall below 1.5 percent. The Stage 3 alert was downgraded over the weekend.

"This was a good weekend. And the wet weather that will continue through the week is good news" for hydroelectric supplies, Dorinson said.

Several large power plants that had been down for maintenance began operating this weekend, adding to the supply, he said.

Also Tuesday, a generator filed a \$45 million lawsuit against Southern California Edison in Imperial County Superior Court.

The CalEnergy Operating Corp., a geothermal supplier, says the utility owes that amount for electricity provided in November and December.

### **\$2 million per hour**

Keep your eyes on the money. The numbers are staggering. Since stepping in to buy power for debt-ridden private utilities, California has been picking up a whopping tab averaging about \$2 million an hour, 24 hours per day, seven days per week. The spending has been continuous for roughly a month now, with no immediate relief in sight.

### **Alternative energy**

Alternative energy plants weren't built because they produce cheap electricity, but California's overheated electricity market has made windmills, cogeneration plants and geothermal turbines some of the best energy bargains around.

Operators of small wind, solar, geothermal and waste-incineration plants – Qualified Facilities (QFs) – have agreed in principle to cut their prices in half to help state lawmakers stabilize electricity rates while Pacific Gas and Electric Co. and Southern California Edison pay off billions of dollars in debt caused by soaring electricity prices on the wholesale market.

### **Rival consumer activists find no common ground**

As young lawyers two decades ago, Harvey Rosenfield and Michael Shames worked with Ralph Nader organizations and then went on to found successful consumer groups.

Now they are deeply involved in the struggle to end California's electricity crisis, but from opposite ends of the rather narrow political spectrum occupied by consumer groups.

Rosenfield, of the Foundation for Taxpayer and Consumer Rights in Santa Monica, has been threatening to put a public-power initiative on the ballot and blasting Gov. Gray Davis, "Giveaway Gray," for bailing out the utilities and failing to seize the power plants.

Shames, of the Utility Consumers Action Network in San Diego, prepared an early detailed plan for a state purchase of the utilities' transmission system, similar to the proposal adopted first by Senate President Pro Tempore John Burton, D-San Francisco, and then by the governor.

"UCAN has been a problem since day one," Rosenfield said of Shames' group. "Michael Shames should be removed from UCAN by his board. Anybody whose reaction to a \$9 billion bailout is to say, 'I am not blanching yet,' should not be in charge of a consumer ratepayer organization."

Shames said there are two schools of thought about consumer activism. One is to be a constant critic, remain on the outside and "throw bombs" in an attempt to move things your way. The other is to build coalitions, solve problems, compromise and make things happen.

"It takes both efforts," Shames said. "I think there is a difference in philosophy. But he sort of personalizes it."

The two men were on opposite sides last week when the California Labor Federation, AFL-CIO, announced that a coalition of labor, consumer and environmental groups supported a 13-point solution to the energy crisis.

Rosenfield said his group declined to join the coalition because one of the points, avoiding bankrupting the utilities, appeared to be aimed at protecting the jobs of the utilities' unionized employees.

"Of course it is," Shames said.

### **Gas supply**

Gov. Gray Davis' plan to bring on line new power plants by as early as this summer could be hampered by serious capacity problems in the vast network of pipelines that delivers natural gas to fuel these plants. The gas distribution network has not been expanded in eight years and is already running close to capacity, experts said. Natural gas is the source for more than half of California's electricity supply, with the state relying less and less on oil or nuclear energy because of a variety of environmental concerns.

### **Solar power San Diego**

San Diego, which has traded on its climate and beach culture for decades, is going solar in more ways than sun-bathing as the energy crisis deepens across California and the nation. Shea Homes, the top-selling home builder in San Diego County last year, is developing a Scripps Ranch subdivision that will become the largest in the nation outfitted with solar-powered fuel cells. And the city of San Diego is considering building one or more solar energy farms on landfills. The goal, said Mayor Dick Murphy, is energy independence, and solar power will play a key role in the future of sunny San Diego.

### **Energy and pollution control**

Southland power producers, focused on keeping our lights, televisions and air conditioners running this summer, could spew nearly twice as much pollution into the air as they did just two years ago, air quality officials say. Forced to choose between air quality and electricity, Gov. Gray Davis has opted for the latter, urging power plant operators to postpone installation of new pollution controls. Just keep those turbines spinning, and we'll clean up the air in a year or two, is the message from Sacramento.